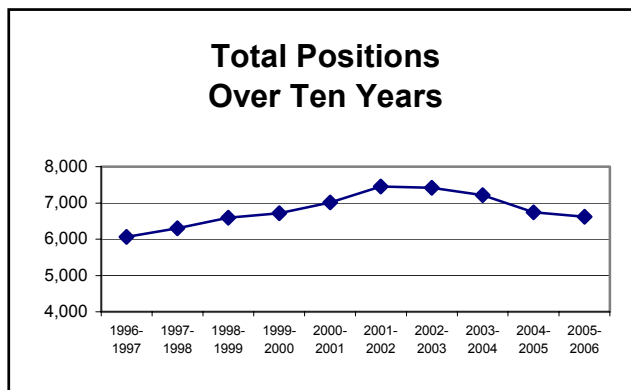


City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

BUDGET BASICS

- Total Proposed all funds City Budget (General Fund, Special Funds and Capital Funds) is \$2.35 billion, down 12.9% from the 2004-2005 adopted budget.
- Total Proposed General Fund Operating Budget is \$745.3 million, down \$67.2 million or 8.3% from the current year adopted budget.
- Balanced General Fund Budget closes projected shortfall of \$58.1 million.
- Budget includes a recommended contingency plan to be utilized if the outcome of salary and benefit negotiations with public safety bargaining groups results in substantial wage and/or benefit increases.
- 140 positions proposed to be eliminated (78 filled).
- With these proposed reductions, since 2002 the City will have reduced total position count in three years from 7,213 to 6,620 (a net reduction of 593) roughly equivalent to the number of positions in 1998-1999.



City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

BUDGET YEAR MILESTONES

- August 2004—City rebalances its just-approved budget as a result of State budget decisions. Council approved the 2004-2005 General Fund Rebalancing Plan that closed a \$11.4 million gap created by State budget actions.
- September 2004---Council sets aside \$7.3 million in 2003-2004 year-end revenues to address the 2005-2006 Deficit.
- October 2004—Departments were given new reduction targets (21.8% targets were set for non-public safety departments and 10% for public safety departments) in the current fiscal year.
- January 31, 2005—Special City Council study session on Budget Projections and Priorities to discuss a preliminary 2005-2006 shortfall estimated at that time at approximately \$60.3 million.
- February 8, 2005—During mid-year budget review, 2005-2006 Deficit Reserve is increased by \$5.2 million (up to \$12.5 million).
- February 2005—2005-2006 Forecast shortfall now estimated at \$58.1 million.

City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

BUDGET OVERVIEW

The 2005-2006 Proposed Operating Budget:

- maintains San José's long commitment to strong fiscal management despite impacts from the prolonged and severe economic downturn.
- focuses resources on core functions and Council priorities, directing resources toward essential services, basic infrastructure requirements, economic development opportunities and maintaining the City's strong commitment to neighborhoods.
- addresses the \$58.1 million shortfall, but presents the City Council with difficult choices that will result in service level reductions and fee increases that will impact all citizens of the City.
- includes more severe contingency proposals to be implemented if public safety contract negotiations or binding arbitration results in wage and/or benefit increases.
- closes deficit with a combination of ongoing expenditure reductions and strategic use of reserves and one-time revenues.
 - Use \$12.5 million of 2005-2006 Future Deficit Reserve
 - Use of the entire Economic Uncertainty Reserve (\$10.4 million)
 - Business Tax Amnesty (\$1 million)
 - Transfer from Other City Funds, including \$2 million from Construction Excise Tax Fund
- proposes significant expenditure reductions
 - Total of 140 positions proposed to be eliminated
 - Non-public safety reductions—8.2%
 - Public Safety reductions—1.5%
 - Non-Personal/Equipment Reductions

City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

SERVICE IMPACTS

Community and Economic Development

- Reduction in general Code Enforcement activities, resulting in a shift from proactive enforcement to a more reactive model, focusing resources on life safety complaints and conditions
- Reduction of support by 8.2% to local small business chambers of commerce and the Convention and Visitors Bureau

Neighborhood Services

- Reduction in branch library hours from 51 to 47 hours by opening branches for 5 hours on Sundays, but closing them on Mondays (currently open 9 hours); Service levels would also be reduced on one weekday
- At the King Library, there would be reduced service point coverage hours in children's, teen and adult services, reference and language/media areas
- Half of City's community centers would be considered for alternative programming, in which community organizations would be recruited to provide neighborhood and community services. If no tenant could be found, centers would be considered for closure.
- Focus of preserved programming through city's community centers would be services providing a safe environment for youth, seniors and disabled populations.
- Reduction in park maintenance. For neighborhood parks, maintenance schedule would be reduced by 2 days per week. For regional parks, maintenance would be reduced by 1 day per week. Park watering cycles would be reduced.
- The Arena Carousel would be closed, and a sponsor or partner would be sought to operate it.
- Staffing would be eliminated for the citywide theater program. Parents of theater participants would be encouraged to form a non-profit to operate the program.
- Fee increase at Happy Hollow Park and Zoo.
- Reduction of support by 8.2% to community based organizations (CBOs).
- No staffing changes proposed for the City's Strong Neighborhoods Initiative.

Transportation and Aviation

- Decreased preventative maintenance on pavement, landscaping and traffic signals.
- Reductions to sidewalk repair grants
- Reductions in cleaning of the downtown Transit Mall
- Elimination of one team (12% of unit staffing) in the Police Department Traffic Enforcement Unit, impacting response and investigation of non-fatal traffic accidents.
- Timing of future Airport facility improvements (South Concourse and Central Terminal) would be phased dependent on future economic conditions.

(more)

City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

SERVICE IMPACTS (continued)

Environmental & Utility Services

- Sewer, garbage, recycling and water rate increases

Public Safety

- Elimination of crime prevention programs including Challenges and Choices and the Neighborhood Action and WATCH programs
- Elimination of a hose wagon at Fire Station 6, and relocation of other apparatus for more efficient coverage
- Elimination of the Fire Department's dedicated Hazardous Incident Team (HIT). Remaining positions currently assigned to HIT would respond to hazardous materials incidents in an alternative deployment model unless ongoing grant funding could be secured.
- A 3% reduction in staffing for the Police Department's property investigations unit.

City of San José
2005-2006 Proposed Operating Budget

FACT SHEET

SERVICE IMPACTS (Continued)

**PROPOSED FY05-06 FEES AND RATE INCREASES
CUMULATIVE IMPACT**

		Current (monthly)	FY05-06 Proposed (monthly)	Difference
<u>Storm Sewer</u> (4.5% increase)	Residential (Single Family Dwelling)	3.82	3.99	0.17
<u>Sewer Service and Use Charge</u> (4.5% increase)	Residential (Single Family Dwelling)	19.81	20.70	0.89
<u>Garbage/Recycling</u> (3% increase)	Residential (Single Family Dwelling)	18.30	18.90	.60/month
<u>Potable Water</u> (2.6% meter charge increase)	Municipal Water System (12% of City)	30.43	31.33	.90/month